



King County

Auditing for Results

Cheryle A. Broom, King County Auditor

Fall 2006

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AUDITS:

- Published This Year
- Due in October
- Due by Year's End
- Coming in 2007
- Monitoring & Oversight

New Construction Assessments

www.metrokc.gov/auditor/2006/Assessment.pdf

Recommendations focus on employing best practices to improve work flow and quality control.

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Work Program Achievements

This report highlights the results of projects on our 2006 Work Program adopted by the Metropolitan King County Council in March. We are pleased to say that, in the main, the County Executive agreed to implement our audit recommendations.

The first set of summaries focus on audits, studies, and other projects completed to date. Summaries of audits that will be released soon or by the end of the year are presented next, followed by projects that involve monitoring and oversight, or are scheduled for completion early next year.

Our 2006 Work Program is substantive and includes audits that have the potential for achieving a high impact on county programs. Some examples appear in this report.

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1. Published This Year

Department of Assessments New Construction

This audit evaluated the effectiveness of new construction assessments, including the processes used by the King County Assessor's Office, the office's compliance with applicable state laws, and the Budget Office's forecasting of new construction assessment values.

Steps the Assessor's Office could take to improve its processes and performance reporting for new construction assessments include:

- Continue efforts to transition to a predominantly electronic building permit submission system and simplify permit submission criteria.
- Work with the permitting agencies to build quality control features into its electronic permit submission system to ensure data reliability.
- Include in its 2007 business plan aggregate efficiency and effectiveness performance measures and targets for meeting its new construction assessments goals.

The Office of Management and Budget should:

- Work collaboratively with the Assessor's Office to prepare new construction revenue estimates for budgeting purposes.

Human Services Contracts

www.metrokc.gov/auditor/2006/HumanSrvs.pdf

Council called for implementation of recommendations.

Survey of PAO Civil Division

<http://www.metrokc.gov/auditor/2006/PAO.pdf>

Workload Measures Suggested

Roads Concurrency

www.metrokc.gov/auditor/2006/Roadsrpt.pdf

Improvements in quality control and modeling practices needed.

Brightwater Design Contracts

Report reviewed the cost effectiveness of design contracts.

Review of County's Human Services Contracting Practices

The Department of Community and Human Services Community Services Division (CSD) could improve contractor accountability by:

- Considering an open selection process,
- Increasing contracts' emphasis on achieving and tracking outcomes,
- Expanding use of contractor performance data to inform management decisions, and
- Strengthening monitoring practices to better assess contractors' performance.

As a result of the audit findings, in April the Council adopted Ordinance 15406, which required the Executive to implement the audit recommendations for CSD's contracts and for contracts supported by the regional human services levy.

2006 PAO Civil Division Performance Audit Survey

This audit found that in the Prosecuting Attorney's Office:

- The Civil Division is not able to adequately measure its workload for budgeting purposes.
- Rates charged to county agencies for Civil Division services are equitable.
- A majority of the Civil Division's customers are quite satisfied with the legal services they receive, but some customers are concerned with attorney expertise, aversion to risk, and inconsistency of advice among attorneys.

2006 Roads Concurrency Study

- The Roads Concurrency Program lacks sufficient quality control, and uses questionable traffic modeling practices.
- Council changes to level of service standards in 2004 allowed additional development in general, but not in all areas of the county.
- Technical changes to modeling practices, that were not fully documented or explained to the Council, had a greater impact on development patterns than the Council's changes to the level of service standards.
- The Road Services Division could potentially request additional one-time funding to implement some of the report's 11 recommendations (e.g. to convene a panel of experts to provide oversight over modeling practices).

2. To Be Issued Soon (October)

Brightwater Treatment Plant Engineering Services Contract Amendments

The audit evaluates the Wastewater Treatment Division's (WTD) management of contract amendments for the Brightwater treatment plant design services. The audit also assesses the cost-effectiveness of WTD's contracting methods—lump sum and General Contractor/Construction Manager (GCCM)—for treatment plant design and preconstruction services. In assessing effectiveness, we focus on whether:

Capital Economic Analysis

Wastewater Treatment Division's guidelines and model lead the way.

Jail Overtime

Assessed overtime use and budgeting practices.

Misconduct Complaints: Sheriff's Office

Analyzes extent and nature of complaints.

- WTD's contracting practices comply with countywide policies designed to ensure the cost effectiveness of contract services.
- The treatment plant design contracts contain provisions to control or minimize project costs consistent with industry best practices.

Follow Up on Economic Analysis of Capital Projects

This report builds upon three previous capital planning audits that made recommendations for improving the county's economic analysis of capital project alternatives. The report provides a set of principles that, if followed, will assist the county in establishing a more rigorous, consistent, and transparent process for making capital decisions. This is important because:

- The county's capital planning process involves choosing among projects whose costs can reach hundreds of millions of dollars.
- Failure to select the most cost-effective alternatives can increase the burden on tax-payers and rate-payers, and lead to the exclusion or deferral of other meritorious projects.

A related component of this project focusing on reporting the performance of county capital improvement programs is planned for early next year.

Jail Overtime Performance Audit

This audit examines how overtime in the county's jails is managed and budgeted. Specific issues that will be addressed in the report include:

- How the cost of overtime compares with hiring additional full time staff to perform the same functions.
- Whether there is a cost-effective mix of overtime and full-time staff (or what actions would be needed to make such a determination).
- The pros and cons of using overtime, and whether overtime is unnecessary and can be avoided in certain situations.
- Whether the current budgeting process adequately addresses overtime issues and provides decision-makers with complete information.

Analysis of Sheriff's Office Complaints

This management letter provides information on the nature and extent of misconduct complaints in the King County Sheriff's Office. This project analyzes previously unavailable information to answer the following questions:

- How widespread are complaints across employees and what are the characteristics of those who receive complaints?
- What is the nature of the complaints and how are they distributed across the agency?
- How do the Sheriff's Office complaint rates and use of force incidents compare to those of other law enforcement agencies and best practices?

Survey of Internal Controls

What are county offices doing regarding financial and management controls?

County Vehicle Replacement

Looks at policies, methods, and practices to replace county passenger vehicles and light trucks.

Capital Procurement

Audit examines how the county evaluates capital procurements and decides which methods to employ.

Jail Oversight

Ongoing oversight of the ISP and the OMP through two advisory work groups.

Countywide Accountability

Ongoing development of a countywide system of performance measurement and management.

3. Due before Year's End

Survey of Internal Controls in County Offices (December)

A survey of county agencies is underway to determine:

- The status of internal controls in county organizations.
- The status of basic control activities for information systems in the county.
- Whether county controls are consistent with standards and best practices.

A report will also provide an up-to-date reference for county offices on internal control best practices.

4. Due in First Half of 2007

Performance Audit of County Vehicle Replacement

This project will:

- Determine whether county vehicle replacement is efficient and effective,
- Analyze the methodologies county agencies use to calculate cost recovery for its passenger vehicles,
- Determine if the sizes of county fleets are appropriate, and
- Evaluate the performance measures used by county offices to track achievement of vehicle replacement goals.

Alternative Capital Procurement Methods Study

This study, also scheduled for completion in 2007, focuses on:

- What criteria county agencies use to select a procurement method,
- Whether those criteria are consistent with the advantages and disadvantages of different procurement methods, and
- Whether the procurement method has an effect on the performance of capital projects.

5. Other Monitoring/Oversight

Oversight of Jail Integrated Security Project (ISP) and Operational Master Plan (OMP)

The Auditor's Office continues its participation in two advisory groups: one which oversees the replacement of the downtown jail's security system (ISP) and one which monitors the implementation of the jail OMP. Auditors are assessing the net fiscal effects of delays and extensions of the ISP, both in terms of capital and operating costs at the jail.

Countywide Performance Measurement and Management

The Auditor's Office continues to facilitate the countywide performance measurement work group. The work group consists of participants from all three branches of county government. The group prepared a work plan for developing a countywide performance measurement and management system, and approval of that plan is pending before the council.

(continued on next page)

Workers' Compensation Audit Follow-up

Follow-up of financial and performance audits show some progress in implementing recommendations.

Mission Statement

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The first two phases of the four-phase plan involve:

- Additional planning for countywide system,
- Training of county staff,
- Setting of priorities and goals on a countywide basis, and
- Identifying ways to measure achievement of those goals.

2005 Workers' Compensation Financial and Performance Audits

- The financial audit highlighted the deteriorating financial position of the Workers' Compensation Fund, which was attributed to rapidly increasing costs and insufficient rates charged to county agencies.
- Consistent with the recommendations of the financial audit, in 2006 the county increased the workers' compensation rates charged to agencies in order to improve the financial position of the Workers' Compensation Fund. Based on informal reports from the Office of Safety and Claims Management, cost growth has moderated significantly in 2006. This, combined with the increase in rates, has reportedly resulted in a significant improvement in the Workers' Compensation Fund balance.
- The performance audit identified reasons for the growth in workers' compensation costs, including an enhanced benefit provided at Transit Division that may create a disincentive for injured workers to return to work. The Office of Safety and Claims Management has begun to implement recommendations of the audit.

Auditor's Office Work Program Tied to Strategic Plan

MISSION STATEMENT:

The King County Auditor's Office conducts independent audits and studies that recommend effective ways to improve King County government.

The office established performance-oriented goals. We regularly update our strategic plan and develop action tasks for implementation. Action items for this year include:

- Completing a database to track office performance and audit results,
- Placing greater emphasis on achieving and communicating audit results,
- Increasing analytical and other audit expertise to enhance the effectiveness of our work, and
- Creating strategic alliances with other organizations committed to improving public sector performance.

Our challenge will be to produce audit reports that will result in measurable savings and/or improvements in service, performance, and accountability among county programs.